

SENATE BILL 605

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11r1398

By: **Senators Raskin and Kittleman**

Introduced and read first time: February 4, 2011

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Campaign Finance Entities – Loans – Reporting Requirement and Penalties**

3 FOR the purpose of requiring a campaign finance entity that receives a loan under a
4 certain provision of law to report the receipt of the loan to the State Board of
5 Elections within a certain time period; requiring the State Board to post
6 information concerning the loan on the State Board Web site within a certain
7 time period; specifying that certain penalties assessed for a certain violation of
8 campaign contribution limits may be assessed against a lender, the candidate
9 whose campaign finance entity received the loan, or both; specifying that any
10 statute of limitations associated with the assessment of certain penalties begins
11 on expiration of the repayment deadline for a certain loan; providing for a
12 delayed effective date; and generally relating to loans received by campaign
13 finance entities.

14 BY repealing and reenacting, with amendments,

15 Article – Election Law
16 Section 13–230
17 Annotated Code of Maryland
18 (2010 Replacement Volume)

19 BY adding to

20 Article – Election Law
21 Section 13–604.1
22 Annotated Code of Maryland
23 (2010 Replacement Volume)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

26 **Article – Election Law**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 13-230.

2 (a) A loan to a campaign finance entity is considered a contribution in the
3 amount of the outstanding principal balance of the loan unless:

4 (1) the loan is from a financial institution or other entity in the
5 business of making loans; or

6 (2) the loan is to the campaign finance entity of a candidate and:

7 (i) repayment of the loan is personally guaranteed by the
8 candidate; and

9 (ii) the election cycle immediately following the election cycle in
10 which the loan was made has not ended.

11 (b) (1) Subject to subsection (c)(2) of this section, uncharged interest on a
12 loan is a contribution.

13 (2) Uncharged interest is the amount by which, during a reporting
14 period, the interest actually charged on the loan is less than the interest on the loan
15 computed at the prime rate applicable on the day the loan was made.

16 (c) (1) Subject to paragraph (2) of this subsection, the terms of a loan to a
17 campaign finance entity shall:

18 (i) be in writing;

19 (ii) include the lender's name, address, and signature;

20 (iii) state the schedule for repayment of the loan;

21 (iv) state the interest rate of the loan; and

22 (v) be attached to the campaign finance report required of the
23 entity under Subtitle 3 of this title for the reporting period during which the loan was
24 made.

25 (2) (i) A loan by a candidate or the candidate's spouse to a
26 campaign finance entity of the candidate is not required to comply with paragraph (1)
27 of this subsection.

28 (ii) Unless a loan by a candidate or the candidate's spouse to a
29 campaign finance entity of the candidate complies with paragraph (1) of this
30 subsection:

31 1. the loan may not accrue interest;

1 2. any interest foregone on the loan is not a contribution
2 under subsection (b) of this section; and

3 3. the campaign finance entity is not subject to:

4 A. § 13–310(a) and (b) of this title so long as the loan has
5 an outstanding principal balance; and

6 B. subsection (a)(2)(ii) of this section.

7 (d) (1) A loan may not be made to a campaign finance entity of a
8 candidate, or accepted on behalf of the entity, without the express written consent of
9 the candidate.

10 (2) The written consent of the candidate constitutes the personal
11 guarantee of the candidate for repayment of the loan only if the document expressly so
12 provides.

13 (3) A copy of the candidate’s written consent shall be:

14 (i) furnished to the lender when the loan is made; and

15 (ii) attached to the campaign finance report required of the
16 entity under Subtitle 3 of this title for the reporting period during which the loan was
17 made.

18 **(E) (1) A CAMPAIGN FINANCE ENTITY THAT RECEIVES A LOAN UNDER**
19 **SUBSECTION (A)(2) OF THIS SECTION IN AN AMOUNT GREATER THAN \$4,000**
20 **SHALL FILE A STATEMENT WITH THE STATE BOARD TO DISCLOSE THE RECEIPT**
21 **OF THE LOAN WITHIN 24 HOURS AFTER THE LOAN IS RECEIVED.**

22 **(2) THE STATE BOARD SHALL POST THE INFORMATION**
23 **RECEIVED UNDER PARAGRAPH (1) OF THIS SUBSECTION ON THE STATE BOARD**
24 **WEB SITE WITHIN 24 HOURS AFTER THE STATEMENT IS RECEIVED.**

25 **13–604.1.**

26 **(A) IF A LOAN MADE UNDER § 13–230 OF THIS TITLE RESULTS IN A**
27 **VIOLATION OF § 13–226 OF THIS TITLE, THE PENALTY ASSESSED UNDER §§**
28 **13–603 OR 13–604 OF THIS SUBTITLE MAY BE ASSESSED AGAINST THE LENDER,**
29 **THE CANDIDATE WHOSE CAMPAIGN FINANCE ENTITY RECEIVED THE LOAN, OR**
30 **BOTH.**

31 **(B) ANY STATUTE OF LIMITATIONS ASSOCIATED WITH ASSESSING A**
32 **PENALTY UNDER SUBSECTION (A) OF THIS SECTION BEGINS ON EXPIRATION OF**
33 **THE REPAYMENT DEADLINE FOR THE LOAN.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 January 1, 2012.